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VOL. 61, NO. 73 THE VOICE OF THE ROCKY MOUNTAIN EMPIRE

THE DENVER POST

5 CENTS DENVER, COLO.—Climate Capital of the World—TUESDAY, OCT. 14, 1952

Denverite, 'Saucer Scientist' Charged in $50,000 Fraud

'Magnetic Energy' Scheme to Find, Measure Oil Told

See story on page 1 also.

By CHARLES ROOS.
Denver Post Staff Writer.

The scheme was to discover and measure oil deposits by magnetic energy, said Herman A. Flader, Denver manufacturer.

That scheme cost Flader $50,000 in one series of investments and several times that amount altogether, he told District Attorney Bert M. Keating. Here is Flader's story of his dealings with Silas M. Newton, Denver oil promoter, and Leo A. GeBauer, Phoenix, Ariz., businessman — dealings that resulted Tuesday in filing of a confidence game charge against Newton and GeBauer:

Flader met GeBauer early in 1949. GeBauer, using the title of "doctor," said he was a top research scientist who had headed an ultra-secret government project seeking to locate submarines with magnetic devices in World war II.

(Such a project actually did exist, but a Denver Post investigation showed that GeBauer had no connection with it).

CALLED FEDERAL DEVICES.

GeBauer advised Flader he was no longer working for the government, but said he had access to instruments from federal laboratories that could not only locate oil but also could determine the number of barrels underground.

Within two weeks of the GeBauer-Flader meeting, Newton introduced himself to Flader, claiming to be interested in certain electrical experiments Flader was conducting at his Denver manufacturing plant.

Flader then introduced Newton to GeBauer. According to Flader, they gave no indication they had met before.

When the conversation drifted around to "Doctor" GeBauer's oil locating devices, Newton hinted he had a similar machine of his own, a device he said was enormously successful in discovering oil at Rangely, Colo. Newton said one of the world's leading physicists had developed his machine, at a cost of $800,000.

Newton's machine, at first glance, looked much better than GeBauer's. It was encased in a handsome mahogany cabinet, fitted with rows of dials and meters. GeBauer's "doodlebug" was in a plain metal box, from which extended two whip antennas tipped with metal "beads."

GE BAUER'S "WINS."

When the two machines were pitted against each other in a field test, GeBauer's device "proved" itself. Newton was forced to admit his $800,000 beauty didn't compare with GeBauer's machine.

Then GeBauer revealed the true secret of his device. The metal beads on the antennas, he said in hushed tones, were really plutonium. GeBauer said he could obtain this rare metal from government stockpiles because of his outstanding war work.

Flader still wanted more proof of the machines' efficiency. GeBauer agreed to prove his on Flader's terms.

The crucial test took place on Flader's ranch near Denver, where GeBauer calculated the exact depth of five new water wells. (Flader now believes the information had been obtained from the drillers or the company that installed the pumps.)

Soon afterward, Newton told Flader that GeBauer had surveyed an oil lease near Mohave, Calif., owned by Newton's oil company, and had found large petroleum deposits. Flader bought a 12½ per cent interest for $50,000.

The California property failed to produce, however, and Flader's interest was diverted to other oil fields. The eventual cost was about $300,000.

Recently, acting on a tip from The Denver Post, Flader took his troubles to Keating, along with two machines the "doctor" had left behind. He cautioned Flader not to open them or they might explode.

Keating and his staff opened an immediate investigation. It was climaxed Tuesday by the filing of criminal charges.

Denver Post Photo.

LEO A. GE BAUER.
Named in oil exploration swindles charges.

Rocky Mountain News

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80 PAGES

FBI SEEKS DENVER 'FLYING DISC' MAN

—STORY ON PAGE 5

Prosecutor and FBI Hunting 'Saucer Scientist' in Fraud

By AL NAKKULA and LEE TRAINOR
Rocky Mountain News Writers

Federal authorities yesterday joined local officers in a search for Silas M. Newton, Denver's "flying saucer" man, and a partner, both charged in an alleged $50,000 swindle.

FBI agents were seeking Newton and a Phoenix, Ariz., man after U. S. District Attorney Charles S. Vigil filed federal charges against them.

Federal authorities jumped in right behind District Attorney Bert M. Keating, who earlier filed confidence game charges against Newton, a Denver oil promoter, and Leo A. GeBauer, a Phoenix radio parts merchant.

$50,000 SWINDLE CHARGED

Mr. Keating charged that Newton and GeBauer had swindled Herman A. Flader, owner of the Stayput Clamp and Coupling Co., 3975 York st., out of $50,000.

The swindle allegedly involved oil well exploration tests using electronic "doodlebugs," one of which was represented as costing $800,000.

Mr. Keating said examination of similar machines—war surplus items—showed their worth to be about $3.50.

But no sooner had the Denver district attorney filed his charges than Mr. Vigil stepped in with new charges—charges that sent FBI agents out in search of the pair.

In a complaint filed with U. S. Commissioner Harold Oakes, Mr. Vigil charged Newton and GeBauer with knowingly transporting across state lines monies or securities which were gained by fraud.

Newton's business associates shocked by charges. See story on Page 8.

$10,000 BOND URGED

Commissioner Oakes immediately signed warrants calling for the arrest of Newton and GeBauer. Mr. Vigil recommended they be placed under $10,000 bond each when arrested.

Such was the one-two punch against the man who made national headlines about "flying saucers from Venus."

Newton is the so-called "Mr. X" who broke his flying saucer story in a sensational lecture March 8, 1950, at Denver University.

He told students that three flying saucers, apparently from Venus, had been captured by U. S. military authorities. Found in these "saucers" were the bodies of 34 "little men," he said.

Newton said he was led to the saucers indirectly through research in magnetic oil detection.

INVESTED IN OIL

It was this same "magnetic oil detection," however, that led to the rapid-fire filing of charges by both state and federal officials yesterday.

Assistant District Attorney Max Melville examines the Army Signal Corps surplus radio transmitter frequency changers which Herman A. Flader, wealthy Denver industrialist, claims were sold to him for $32,000 by Silas Newton, Denver oilman, and Leo A. GeBauer, Phoenix radio parts dealer, in an alleged oil swindle. The surplus radio devices retail for $3.50 each in Army surplus stores.

—Rocky Mountain News Photo by Bill Peery.

Mr. Keating said that Flader, in addition to the $50,000, invested some $250,000 in oil fields surveyed by Newton-GeBauer instruments.

Mr. Flader told Mr. Keating he paid the $50,000 for a 12½ percent interest in an oil lease near Mohave, Calif., late in 1949.

The well was drilled, he said, but was converted into a water well in December, 1949—while he continued to pay installments on the $50,000.

Newton is president of the Newton Oil Co. of Denver. GeBauer heads the Western Radio and Engineering Co. in Phoenix.

The checks and money paid by Mr. Flader to Newton and GeBauer were the basis for the federal charges, too.

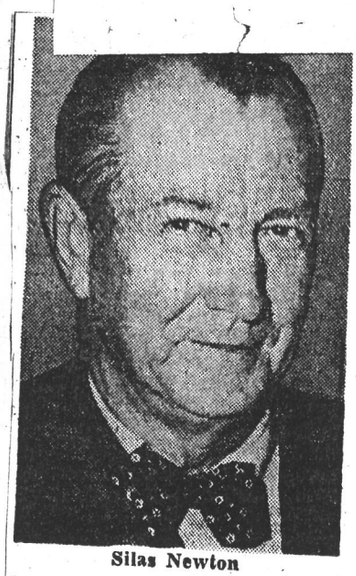
Mr. Vigil said both men are charged with transporting $39,500 in these checks across state lines. In addition to these charges, both also are charged with conspiracy.

If convicted on both counts, Newton and GeBauer would be liable to a $20,000 fine or 20 years in prison, or both.

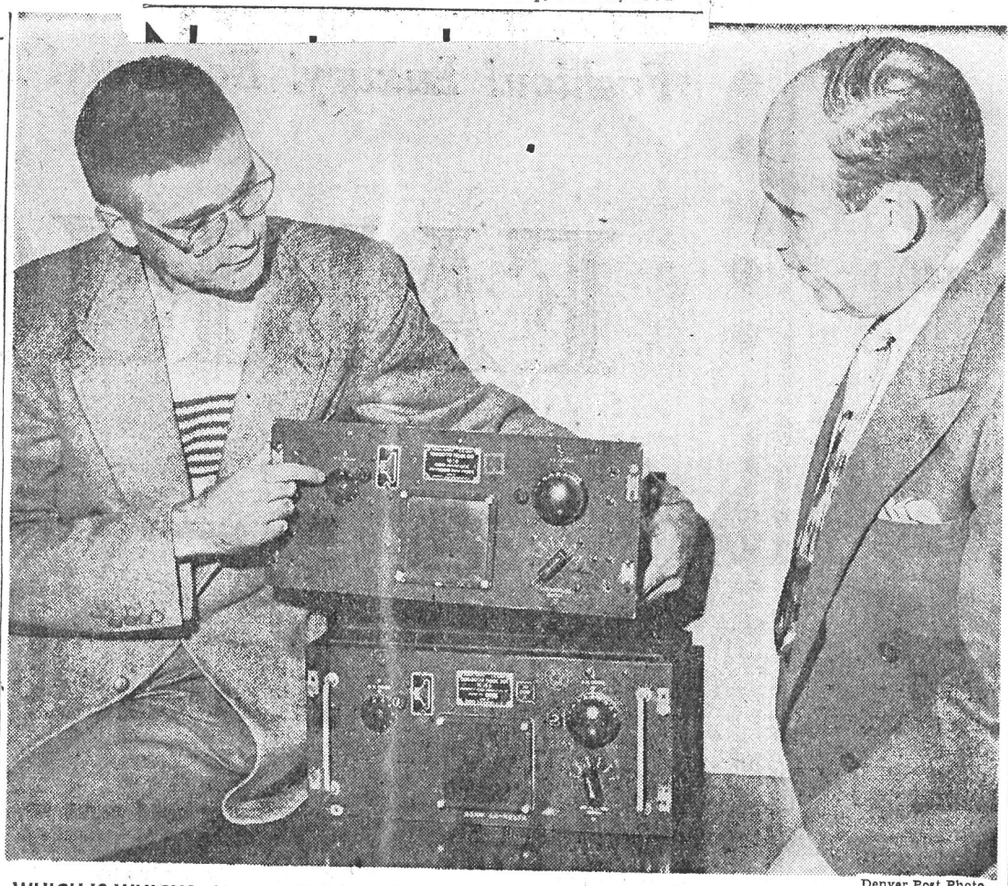
Authorities late last night still were trying to locate both men.

* * *

Herman A. Flader



Silas Newton



Denver Post Photo.

WHICH IS WHICH?—Howard Roberts of the University of Denver engineering staff holds a war surplus radio transmitter tuning unit he bought in a local store for $1.50. Below it, on the desk, is a device turned over to District Attorney Bert M. Keating (right) by Herman Flader, alleged victim of a $50,000 oil field swindle. Flader said Leo A. GeBauer, charged with confidence game, represented the bottom machine as capable of finding hidden oil fields and worth several thousand dollars. Roberts says both devices are essentially the same.

Oil Promoter to Fight Charges Over Doodlebugs, Lawyer Says

By CHARLES ROOS.
Denver Post Staff Writer.

The "doodlebug" issue in an alleged $50,000 Denver oil field exploration swindle widened Saturday.

The attorney for Silas M. Newton, oil promoter charged with confidence game, declared that Newton will return to Denver to fight "every allegation" made against him.

The lawyer, Frank L. Ross, also stated that Herman A. Flader, wealthy Denverite who is the alleged victim of the swindle, was not bilked by electronic "doodlebugs" because he already had one of his own.

Flader sharply denied Ross' statement but said he does own a different type of electrical device which he believes has the beneficial effect of "cleaning the blood" of sufferers from such diseases as arthritis, asthma and diabetes.

ENGINEER TESTS DEVICES.

Flader complained to District Attorney Bert M. Keating last week that Newton and Leo A. GeBauer, Phoenix, Ariz., radio parts dealer, defrauded him of $50,000 in an oil field venture based on exploration by "doodlebugs"—electronic devices supposedly capable of finding and measuring underground oil deposits.

Two machines left with Flader by GeBauer have been tested by Howard Roberts, an engineer on the staff of the University of Denver. Keating said Roberts found them to be war surplus radio transmitter tuning units—worth less than $5 each.

Roberts bought an almost exact duplicate of one of the gadgets in a local surplus store for $1.50, Keating said.

Ross said Newton will return to Denver from Los Angeles, Calif., where he is free on bond, to answer the two cases against him—a state charge of confidence game and a federal charge of transporting money obtained illegally across state lines. GeBauer, on bond in Phoenix, is a codefendant in both cases.

Ross was uncertain when and how Newton would return. Both Keating and Charles S. Vigil, United States attorney in Denver, are prepared to bring him back.

Newton's attorney conceded that Newton accepted money from Flader but said it was used in drilling operations in Wyoming and California. Ross described the criminal cases as "an attempt to collect a civil obligation through the criminal courts."

Newton, who is president of the Newton Oil company, gave a sensational lecture on flying saucers in 1950 at the University of Denver. He said three saucers and thirty-four little men from Venus had been impounded by military authorities.

Dec 10 Post

Doodlebug Paid Him $2 Million, Oilman Testifies

Denver Post
Dec 10/53

By BUCK WILSON
Denver Post Staff Writer

A Phoenix, Ariz., oil man testified in the $250,000 "doodlebug" swindle trial in Denver District Court Thursday that the oil divining devices of Leo A. GeBauer made him more than $2 million in oil profits in the first ten months of this year.

Horace Steele, who owns the El Tejon oil field 35 miles southeast of Bakersfield, Calif., testified as a defense witness under questioning by Attorneys Isaac and Gerald Mellman and Theodore Epstein that the doodlebugs "divined" 35 oil wells for him.

"Early this year I sold 89 pct. in one well for $1,750,000," Steele said, "and GeBauer spotted that well for me."

GeBauer, Phoenix and Denver radio parts dealer, and Silas M. Newton, Denver oil promoter, are charged with confidence game stemming from the sale of part interest in three doodlebugs to Herman A. Flader, Denver industrialist, for $50,000. Flader invested an additional $200,000 in oil properties owned by the defendants.

Steele, who was cross examined by District Attorney Bert M. Keating and Gregory Mueller, his chief deputy, Thursday morning said he drilled two wells in the El Tejon field after GeBauer told him not to on the basis of doodlebug surveys and "both holes were dry."

The Phoenix oil man said he paid GeBauer $10,000 for the survey which included 37 locations and that only 2 wells failed to produce commercially.

Bryce Morris, co-owner of the Sunny Valley Oil Co., testified earlier that GeBauer conducted a survey for him in the San Luis Valley in southwestern Colorado and that the three wells spotted by the doodlebugs "showed definite signs of oil in the earth samples taken."

GeBauer Sick Again

Leo A. GeBauer, codefendant in the "doodlebug" swindle trial, became ill as court was adjourned at noon Thursday, and his physician, Dr. Harry s, was summoned by GeBauer s nurse and officers of the court.

Though advised by the nurse and defense attorneys that he return to the hospital for treatment of a stomach ailment which created hemorrhaging during a recent week-long recess, GeBauer said:

"I'll go ahead with this thing (the trial) if it kills me."

SECRETARY TESTIFIES

The trial, being heard by Judge Frank E. Hickey, is expected to continue into next week. It started Nov. 10 but Judge Hickey called a week-long recess Nov. 28 when GeBauer became ill and was hospitalized.

Donald Jacobsen of Dallas, Tex., secretary of the Sunny Valley Oil Co. and the Northern Petroleum Co. now operating in Adams county, was called to the witness stand following cross examination of Steele by Keating.

The oil company executive told the jury that he participated in several "doodlebug" surveys with GeBauer in Colorado, Wyoming and California and never were any machines used in the surveys similar to the two devices introduced by the state as "doodlebugs" they purchased in an army purchase store.

No Income Tax Paid in 12 Years, Oilman Admits

Silas M. Newton, Denver oil promoter and co-defendant in the $250,000 "doodlebug" swindle case, testified under cross-examination Wednesday that he didn't pay any income tax for 12 years, even though he was the president of an oil company worth $2 million.

Newton, along with Leo A. GeBauer, Denver and Phoenix, Ariz., radio parts dealer, are charged with bilking Herman A. Flader, Denver industrialist, by selling him a part interest in three machines supposedly able to locate oil beneath the surface of the ground and through investments in oil properties owned by the defendants.

Newton was called to testify in his own defense Monday by Isaac and Gerald Mellman and Theodore Epstein, his attorneys. District Attorney Bert M. Keating and Edward Lehman, his deputy, began cross examination of the witness late Tuesday.

HEATED EXCHANGES

Under questioning by Keating, Newton said he had not paid any income taxes from 1935 through 1950. He told the jury of eight men and four women that all money spent was marked off as "expense account."

The trial Wednesday was punctuated with heated exchanges between the district attorney and Newton when the latter volunteered information which had not been asked of him.

GeBauer appeared in court in a wheelchair Wednesday after he was allowed to sign a waiver Monday for the trial to continue without him.

Newton denied ever having seen either one of the doodlebugs the district attorney's staff charges were purchased from an army surplus store for $3.50. Keating has charged the machines GeBauer said could locate oil were only parts of surplus army radios.

The owner of the now defunct oil company did say, however, that the oil divining device of GeBauer was so good that it located a hole in Kern county, Calif., from one and a half miles away, told them there were two pieces of pipe in the hole and two feet of oil in the bottom of the hole.

Keating and Lehman were expected to continue the cross examination throughout the day.

The trial got underway Nov. 10 but was recessed by Judge Frank E. Hickey for one week Nov. 20 when GeBauer was hospitalized for hemorrhaging ulcers. Following Newton's cross examination, GeBauer will be called as the last witness by Defense Attorneys Isaac and Gerald Mellman and Theodore Epstein.

Denver Post Photo.

Leo A. GeBauer appears in district court in a wheelchair Wednesday during his trial, with Silas M. Newton (second from right), on confidence game charges. With them are defense attorneys Isaac Mellman (left) and Theodore Epstein.

Collected Money For Wells He Didn't Own, Newton Says

Tue 15 Dec

Silas M. Newton, Denver oil promotor and co-defendant in the $250,000 "doodlebug" swindle trial, testified Tuesday that he collected money for oil properties in Kern County, California, which was not owned or leased by either himself or Leo A. GeBauer, also on trial.

Newton and GeBauer are charged with bilking Herman A. Flader, Denver industrialist, through the purchase of part interest in three machines alleged to be able to locate oil beneath the surface of the ground and through investments in oil properties owned by the defendants.

Newton, testifying for the second day in his own defense, told the jury of eight men and four women that Flader told him GeBauer owned an oil well in the New Hall Field in California which was capable of producing 100 barrels of oil a day if developed. The Denver oil promoter said he collected $1,500 from Flader and two other men to develop the well but when he arrived in California he found the property was leased to another company.

Under questioning by defense attorneys Theodore Epstein and Isaac and Gerald Mellman, Newton admitted he did not return Flader's money but "credited it to $49,000 Flader was to invest in another California oil field."

Flader is alleged to have owed the Newton Oil Co. nearly $50,000 for development of oil properties in the Mojave Desert Oil Field. Epstein presented to the jury a letter written by Newton to Flader which said Newton was crediting $1,500 to Flader's debt and also requesting a check for an additional $12,000 for the Mojave project.

The jury also heard Newton describe a contract drawn up between his company and Flader which would allow Flader to deepen an old well in Dutton Creek field in Wyoming.

Under terms of the contract, if Flader located oil below 4,900 feet, which was the well's original depth, Flader was to receive 25 pct. of production.

WELL CLOSED DOWN

Newton admitted, however, that the well, described as "No. 31," had been closed down and was no longer producing for his company.

Judge Frank E. Hickey cautioned Newton several times for giving improper answers and for "volunteering information."

District Attorney Bert M. Keating along with Edward Lehman, one of his deputies, objected several times as Newton attempted to tell the jury of conversations and trips in which Flader participated when Newton was not present.

GeBauer was excused from court early this week after he signed a waiver of his constitutional right to face his accuser. He was hospitalized Nov. 20 when he suffered several hemorrhages due to a stomach ailment. Judge Hickey recessed the trial for one week when GeBauer became ill.

SUFFERED RELAPSE

The ailing GeBauer suffered a relapse early this week.

In Tuesday's testimony, Newton described a second contract, between Flader and the Newton Oil Co., which gave Newton 50 pct. of a Kern county well which GeBauer was alleged to own.

The second contract also gave Flader and two other investors 30 pct., according to Newton's testimony, for $4,500. GeBauer was to retain 20 pct. of the well. The Newton Co. was to get the larger share, to operate the well once it was in production.

Newton also said that when he inspected the California property in which Flader had invested on GeBauer's advice he found drilling equipment but no well. That was the property alleged to be capable of producing 100 barrels per day.

The trial, which got under way Nov. 10, is expected to continue through next week, defense attorneys said. GeBauer remained as the only defense witness to be called after the state is allowed cross-examine Newton.

Friday, Dec. 11, 1953, Denver, Colo. —ROCKY MOUNTAIN NEWS— 66

Sick GeBauer Collapses in Court at Trial

Leo GeBauer, defendant in the $50,000 "doodlebug" confidence game trial, collapsed Thursday in Denver District Court.

The 50-year-old radio and electronics specialist suffered a relapse from stomach ulcers which already have caused one trial recess.

Despite his illness, however, GeBauer insisted the trial continue and signed a release to that effect.

The release stipulated the trial could continue without his presence.

If his physical condition permits, he will return for further cross-examination by Dist. Atty. Bert Keating.

CON GAME CHARGE

GeBauer is co-defendant with Silas M. Newton, Denver oil promoter. They are charged with confidence game for allegedly bilking Herman A. Flader, Denver manufacturer and landowner, of $50,000 by using bogus oil-divining machines.

The gadgets are referred to in the oil industry as "doodlebugs."

Earlier this week, GeBauer made brief appearances on the stand to testify on his own behalf. His testimony was interrupted frequently to permit a private nurse to administer medicine to him.

He came to court from a hospital bed after suffering an attack which caused internal bleeding.

During a recess Thursday, GeBauer was stricken ill in District Judge Frank Hickey's chambers. A doctor was called and GeBauer was confined to his bed at the Shirley-Savoy Hotel.

TEXAN TESTIFIES

Testimony Thursday was devoted to questioning of Donald C. Jacobson, Dallas oilman. Jacobson told of an oil-exploration partnership formed by Flader, GeBauer, Newton and himself.

He told of five wells developed near the Mojave Desert in California as a result of GeBauer's oil surveys. He described one as "quite successful."

Flader had previously told of investing $49,000 in a California well. He said he never received any money in return for the investment.

Jacobson accused Flader of "losing" another potential oil well in the Dutton Creek area of Wyoming because of "his own negligence" in permitting the well casing to collapse.

bill would:

D. A. Will Prosecute Two Cases

Post 3/5-53

Two prominent district court criminal cases—one set for April 28, the other expected to be set for May—will be prosecuted by the district attorney himself, it was disclosed Thursday.

District Attorney Bert M. Keating will personally seek the convictions of Silas M. Newton and Leo A. GeBauer in the alleged $50,000 oil swindle of Herman A. Flader, Denver industrialist, and of James C. Fletcher, 43, self-styled Denver "promoter," in the first confidence game case resulting from "short checks" filed by Keating.

Keating's court appearances were announced as he appeared in justice court to oppose new motions for dismissal of the charges against Newton, former Denver oil man, and GeBauer, Arizona businessman, presented by Isaac Mellman, defense attorney.

Mellman requested David W. Oyler, presiding in justice court, to either set a preliminary hearing or dismiss the confidence game charges filed last Oct. 10 in his court.

GOING TO ANYWAY.

Keating immediately informed the court that he had planned dismissing the charges anyway. Written reasons for dismissal were given to the court Thursday and Oyler granted the request.

Keating pointed out that it is customary to dismiss justice court charges after they are filed in district court.

The matter in question in the Newton-GeBauer case is if the statute of limitations had run out when charges were filed. Mellman claims it has, as the district court information was filed Nov. 25, 1952, over three years after the alleged offense on Oct. 27, 1949.

Keating claims he filed against the two men seventeen days before the deadline—on Oct. 10, 1952. Between that time and the district court filing Newton and GeBauer were "fugitives at large" and the statute of limitations was automatically prolonged, he said.

He explained that he filed first in justice court to get a warrant for the arrest and subsequent extradition of Newton and GeBauer. The district court case supersedes the justice court information, he said.

MAY DATE POSSIBLE.

Keating said all motions for dismissal will be submitted to District Judge Frank E. Hickey by March 16. If the motions are overruled the case is expected to be set for trial in May.

The Fletcher case is the first of its kind for the Denver district attorney's office since the supreme court's "McBride decision" last year holding that if bad checks are issued with the intent to defraud, the offense is confidence game rather than the lesser count of "short checks."

Fletcher is specifically charged with swindling E. J. Smythe of Lakewood of $160. However, Keating said, Fletcher's total bad checks approach $5,000. He had been sought for two years before his arrest last December in San Francisco, Calif.

Swindle Charges Shock Oilman's Denver Friends

Newton Known as Golfer and Civic Leader

The federal and state charges filed yesterday against Silas Newton, Denver oilman, sportsman and civic leader, came as a shock to his business associates.

The opinion was expressed that Mr. Newton will surrender as soon as he hears about the charges.

Since coming to Denver 14 years ago, his name has been often mentioned on newspaper sports pages for golfing achievements, or on other pages of the newspapers for his civic activities.

In more recent years, he made newspaper headlines for his theories regarding flying saucers. His latest and most sensational publicity was received on his "disclosure" that this earth was visited by "little people from Venus."

* * *

A NATIVE of Texas, Newton came to Denver in early 1938 and the following year established the Newton Oil Co., with ofices in the Equitable Bldg., 730 17th st.

Among oilmen, Mr. Newton's firm was known as a "small capital investment business," dealing in oil well leases in Colorado, Wyoming and California. One of the biggest deals undertaken by the firm was the drilling of several oil wells on the fringe of the Rangeley oil field.

Mr. Newton had great success in Western golfing circles. He at one time held the Colorado amateur championship and once served as president of the Colorado Golf Assn.

He was active in the fund drive campaigns for construction of the Rocky Mountain Osteopathic Hospital more than a year ago. A director of the hospital, he pledged $15,000 toward its construction.

His most sensational saucer story was told in an address before a science class at Denver University March 6, 1950.

* * *

HE RELATED that three flying saucers had landed on earth, but the saucers and the passengers they contained—3 little men about three feet ta —were taken into custody the military. He advanced theory that the saucers can this planet on magnetic p from Venus.

In a subsequent inte with Rocky Mountain Writer Pasquale Marranzin Newton maintained the "s men" story was true and they were being studied group of magnetic scie whom he had met.

When asked by Mr. Ma zino, "Did you see the men Newton?" the oilman repli "Don't ask me that que For a reason I can't ex I can't say."

Mr. Newton's magnetic p theories are the crux of charges filed against him terday in a complaint mad Herman A. Flader, wel Denver industrialist, who min cuses him and Leo A. GeBauer, radio parts dealer in Phoenix, of bilking him of $50,000.

* * *

MR. FLADER, who heads the Flader Land Co. and the Stayput Clamp and Coupling Co., accuses the pair of foisting on him three "magnetic oil detection devices" for approximately $32,000.

District Attorney Bert Keating described the machines as Army Signal Corps radio devices used to change the frequencies on radio transmitters and which are sold at Army surplus stores for $3.50 each. What were described to Mr. Flader as "plutonium tipped" divining rods on the transmitters are merely nickel-plated antennas, Mr. Keating said.

Informed of the charges against Mr. Newton, Harry L. Jewell, secretary-treasurer of the Newton Oil Co., expressed surprise and shock and was convinced that Mr. Newto would surrender to answer th charges.

"I talked with Mr. Newto Sunday night and he mentione nothing about the matter," M Jewell said. "Nor has anybod been around the office inquir ing about him."

Other members of the New ton Oil Co. are Max P. Zall Denver attorney, and Pau Beam, both vice presidents.

Newton and GeBauer Face Both Federal, State Charges

District Attorney Bert M. Keating, right, and Howard Roberts, research engineer at Denver University's Industrial Research Institute, examine a "doodlebug," or magnetic oil detector, involved in an alleged $50,000 oil fraud. Mr. Keating charges that Silas M. Newton, Denver oil producer, and Leo A. GeBauer of Phoenix sold this "doodlebug" to a Denver man for $6250. Mr. Roberts said the machine actually is worth $3. *—Rocky Mountain News Photo.*

Federal and state authorities yesterday readied a one-two punch for Silas M. Newton, Denver oil producer, and his partner, Leo A. GeBauer, Phoenix, Ariz., businessman, charged in an alleged $50,000 oil well fraud.

In a joint announcement, Denver District Attorney Bert M. Keating and U. S. District Attorney Charles S. Vigil said it is "very possible" that both federal and state charges will be pressed against the two men.

They said that federal authorities, instead of state, will attempt to return Mr. Newton and Mr. GeBauer to Denver.

Mr. Vigil said, too, he will present the federal case to the U. S. grand jury here. This action, however, is routine. It is taken in case the men refuse to waive an indictment.

BOTH FREE ON BOND

Mr. Newton and Mr. GeBauer both were free under state and federal bonds yesterday in Los Angeles and Phoenix, respectively.

Each faces state charges of confidence game and federal charges of transporting monies and securities gained by fraud across state lines.

Mr. Newton and Mr. GeBauer are charged with bilking Herman A. Flader, wealthy Denver industrialist, out of $50,000. Mr. Flader charged they collected money from him for a Mojave, Calif., oil well which actually was a water well. They allegedly sold him a "doodlebug" or magnetic oil detector worth $3 for $6250—or a half interest in the machine, Mr. Keating said.

Mr. Keating conferred yesterday with Mr. Flader and Howard Roberts, 35, research engineer for the Denver University Industrial Research Institute.

MACHINE WORTH $3

Mr. Roberts told the district attorney that the machine allegedly sold to Mr. Flader actually was worth only $3. Mr. Flader appeared to identify the machine.

Mr. Keating said that his office is preparing extradition papers to send to Los Angeles and Phoenix in case attempts to bring the men back to Denver on federal charges run into a delay.

Mr. Newton is head of the Newton Oil Co. and gained notoriety for his sensational lecture at DU in 1950 on flying saucers from Venus, which he said U. S. military authorities had captured.

'Doodle-Bugged' by Smart Pair, He Claims

'aith in Fellow-Man Cost Flader Thousands of Dollars, He Says

By AL NAKKULA
Rocky Mountain News Writer

"Faith in my fellow man and a curiosity in things scientific resulted in my unfortu- business venture with GeBauer and Newton."

Herman A. Flader
—Rocky Mountain News Photo

at was the anation **Her- A. Flader,** lthy Denver ustrialist in recount- his experi- s with Silas Newton, Den- oil promoter, **Leo A. Ge- er,** Phoenix ines sman, n he has ac- d of swind- him of $50,- n a "doodle- oil-hunting me.

recounted all his life had "been cing with my ls and have interested in gs mechan- " He told of ng to this try in 1905 his native nerania in hern Ger- y as a penni- s immigrant).

worked as echanic for months until aved enough ey to open own welding machine shop. He sold the ness in 1912 and came to Den- to start the International ling Co.

As early as 1913, Mr. Flader had developed a special type clamp to use on welding hoses, which he used in his own business. When depression affected his business in 1929, he took to the road, selling the clamp which he had now patented.

The clamp business developed rapidly with big contracts from the government and private industry. Mr. Flader founded the Stayput Clamp and Coupling Co. of 3975 York st. Later he established the Flader Land Co., which operates 47,000 acres of land 42 miles east of Denver on which the businessman raises cattle and wheat.

Mr. Flader, who will be 67 Nov. 8, took up flying when he was 60. His interest in flying led him to buy the Intermountain Aviation Co.

DEVIL TO FIND WATER

"My interest in trying to find water to develop my dryland holdings led me to the association with GeBauer and later Newton," Mr. Flader said.

"On April, 1949, GeBauer entered my office and introduced himself as a geophysicist who had a machine that could locate water.

"Newton entered my office several weeks later with a similar machine. I introduced the two because of the similar interests. They claimed to be total strangers."

(District Attorney Bert Keating said he has conclusive evidence that GeBauer and Newton had known each other prior to this time.)

"Research and tests for water on my dryland acreage with the divining machines soon led to the men discussing the possibilities of

(Concluded on Page 11)

Faith in Man Cost Flader a Fortune

(Continued from Page 5)

locating oil with the machines."

THEY GOT HIS—$34,000

"The activities finally culminated in my purchasing three of the of the 'doodlebugs' from GeBaur for $34,000."

(Mr. Keating said the machines —U. S. Signal Corps radio equipment—are worth $3.50 each.)

"I kept two of the machines while a third was installed in a panel truck, which I purchased and GeBaur took on a western tour for oil exploration. That's the last I have seen of the truck.

"In addition to the $50,000 I gave the two men for oil exploration in California on a well— which turned out to be water— I have doled out approximately $250,000 to the pair for oil research activities and operations throughout California, Colorado and Wyoming.

Silas Newton's Son Sure Father Is Innocent

(Continued from Page 5)

ney Charles S. Vigil. The federal charge alleged he and Leo A. GeBauer, Phoenix businessman, transported across state lines "monies or securities obtained by fraud."

OIL FIRM IN COURT

This money allegedly is the money paid to both men by Herman A. Flader, Denver businessman, who charges he lost $50,000 to the two men in a swindle.

Secondly, the Newton Oil Co. faced a contempt hearing in the court of District Judge Clifford H. Darrow in Glenwood Springs.

On Oct. 24, the oil firm must show cause why it shouldn't be cited for contempt in a case concerning oil and gas leases in the Rangely oil field.

Court records show the Newton firm took over leases from several holders in August 1942. It agreed

Fred D. Newton
—Rocky Mountain News Photo

to pay them a total of $250,000 out of the sale of oil and gas.

These holders allege the firm collected $67,317 from the oil producers, but failed to pass it on to its clients.

If found guilty, the firm could be fined.

SENDS FUGITIVE WARRANT

Mr. Keating said he has forwarded a fugitive warrant to Los Angeles for Mr. Newton, with a recommendation that the Denver oil man post $15,000 bond. This is in addition to his other two $5000 bonds.

Mr. Keating and Mr. Vigil will meet at the latter's office at 11:30 a. m. today to discuss jurisdiction in the case. Earlier, both had tentatively agreed that Mr. Keating would take jurisdiction, but Mr. Vigil might step in if Mr. Newton and Mr. GeBauer refuse to waive extradition.

Mr. GeBauer was arrested by FBI agents in Phoenix. He posted two $10,000 bonds—one each for the federal and state charges—and was released.

The assets of two firms owned by him in Phoenix have been put under a conservator by court order because Mr. GeBauer allegedly failed to register securities with the Arizona Securities Commission.

Mr. Newton, now 64, and Mr. GeBauer are charged with selling Mr. Flader a magnetic oil detector allegedly worth $800,000.

Mr. Keating said it was actually worth $3.50.

They also are charged with continuing to collect payments on a $50,000 interest in a Mojave, Calif., oil well from Mr. Flader after it was turned into a water well.

Mr. Newton, a famous figure in Eastern financial circles during the 1930s, hit the front pages when he told a DU science class the U. S. Government had seized three flying saucers. He said there were the bodies of 34 little men in them and that they apparently came from Venus.

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

Thursday Jan 11 1951

Dear Frank-

On my return this morning your letter was on my table - Since I already knew its contents it wasn't news -

I had already written you a lot of this and that and Sir Darry I took up your time because that's what it took of you read it all -

Having written off the idea of Palms at L.A. I was forced on to Chicago - If I can't get to Chicago as I do not have any money - all the rest of the reasons fall by the wayside - It's evident Gardner had some body selling him to the public in Chicago and elsewhere - That I don't have -

I can't put on a show here because I do not have the film - with that I could get the backing and publicity by two or three private showings to

about a dozen people — and them with their fanaticism I could pack any kind of a house — I might have some hecklers but they would be easy to handle — I don't have the plane so that ends Denver —

I'm working at my business but that means 60 to 90 days before I can realize money in any amt worth while — and without real money I am lost here —

17 days from now motions have to be filed — That means in 10 days I have to raise the thousands to get that job done or no motions — and I'll have to leave and February will see me at Canon City for the balance of my life —

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As I look back down the years, I've tried to do good as I lived - I've helped lots of people - I did it because I like to help people - I never expected any reward - As it stands now some of all these people have turned on me and said "what do you need for yours fight for vindication - Here's what I can do - " Some can't help - as I see it I do not expect anyone to help me - I have been caught in a horrible mesh of intrigue, politics, vicious minds bent on destruction, and I was unarmed to fight - I laid the record and the truth on the line, and it meant nothing - So, I'm on my way - I'll give the next ten days all that I can give it to solve the problem, but I do not see one faint

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May I hope - but I'm keeping the old Kenton ship headed up stream anyway. The situation hurts me most as to my boy out there - but naturally I wanted to help his mother, but there isn't anything now, I see I can do - Its all horrible to contemplate.

Anyway to you my best, Its Early to criticize but hard to construct. Try to forget you ever knew a crazy guy like yours truly

Ed

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

Thursday P.M.

Dear Frank—

I sensed you didn't mean to give the idea that there was a plan on foot for me to come out there to make a talk and spend money to do it. Subject my case hereon Saucers—

I have tried to explain by letter ~~in~~ my answer to Skarons letter letter, that the idea was under discussion solely on the proposition that I would be paid the gate less the expense and 4 nights would be required, and that if I was assured as to all arrangements I would there 24 hrs ahead fly out and do the shows and thereby have some money for

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her urgent needs and my absolute needs for my fight here -

In the light of her comments, and apparent misunderstanding, I inform-ed her that unless I dig up some real money in the next 21 days I'll go down to Canon City next month for 10 to 20 years - No money to the attys and no motions or appeals - The record on this case alone if it goes up on appeal will be $2000.00 -

This eternal clouds of misunderstanding and misinformature will clear away when I give up a name for a number -

I suggested she contact you for the facts, as she wouldn't

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

believe my statements that my
only purpose in planning to
come there was for money

I'm sorry that the matter
was brought to her attention in
the absence of a completed arrange-
ment - but that's like the bride
that's just tuition.

Sincerely

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

Thursday 5 P.M.

Sharon dear:

This has been a mean tough day - at 8 30 this am I talked to attys and they said go about your business we will hear from the DA in a few days and met with Judge to fix day for arguments - about 10 30 the Judge began yelling for attys + DA to come front an unprecedented move and we sat on our well knows 1½ hrs until he showed up. DA aware he couldn't figure what it was about - Judge came in and without hardly a civil word said "where can we argue these motions" D.A. said "I haven't even seen them" Mellman fished out a copy and said "look at this"

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

2

Mr. D.A. said "will I see you here, your honor & may want to submit written motion about -" Judge said how about next week, all okays said - so we can get ready the same cases, D.A. said I have forty cases - these things took up all of Feb - and Judge was getting Sutton, In to March and finally got to Mch 22 - as being 1st day all could agree on, so that was the late set - Everybody walked out, Ayes - Judge said Bonds continued" - Asst asks D.A. & Millican & Effarin all said what's the matter with Mch 28 & 30 - Nobody knew but here is the paper which was on

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

Hu Hands and this is the first
word we've had in years that
even pretended to give us a
break =

So when I got loose at 3 P.M.
I was exhausted. Came over here
and sat down - The mining congress
is in session and the place is
packed. All downtown will be
Wearing so I'll try to get all I
can absorb -

Am going out now and try
to get some money to send you
here 4 tonight

Tell Aut Hayward and Pete to look
after mine, and sincerely for
ever - Yours

H

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

Sunday night -

Dear Frank:

Tried to call you few days ago, but found you out of town -

Talked to Gene, and am trying to get the radio into his hands - If I do, I hope it is not a phony, because one more flaw is about the limit of what I can take -

The worst one came this past week with Sharon - She fell, broke her arm and they took stitches in her chin - Thats all I know, where, how, what I do not know I hope when you find out you can let me know. Its her right arm so she cant write - This is about the limit - of things that can happen

I am more than busy here. Going at terrific speed, as have made a drilling deal and have to get all the leases blocked out and in shape, so the well can be started. Thank God to with all people

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

and I won't have to be tarred and feathered by some stupid Cabin if its a dry hole. We all think it can be good - its in a good area and looks fine on Geology, and all the magnetic work looks good - I asked Gene to get my Zipper back at your place and Express it to me - I hope it arrives tomorrow - I want to see how it checks with my instruments for my personal information - If its a well I'll be back on my feet in a short short time - In the meantime I'm really suffering and with Sharon's illness its worse, but things will work out -

The enclosed gives you the local press interest in T.S. business - Lee had some prints made by Mozella of the Saucer Films so we have that record - Half dozen different frames - They look good

Hope things are OK with you and Yours - No word from you so you must

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be busy - I had one meeting about a dozen. The Gov. Thornton was to be there but held up by a dinner speech and missed us. He didnt know what it was about,

Am hoping to get in shape before Mch 72 to add some legal help to the lawyers we have in the preparation of the arguments on our motions. Sharon has copy of some if you care to see it.

I see where the floods are about to wash the town away. Summer her 60-70 every day last 3 weeks

Love all

Yours

Al

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

Wed- 20 2

Dear Frank=

Rose Jr sure meant well in his information about the State paying for transcript of the record- That is not the case here, and I doubt it being true in Calif - It could be done by signing a pauper's oath - and it might be done in a murder case and Jr told all the States are the same I have inquired of several attys including my own, and they all say that is not the law -

And by the way you'll recall Brigham talked about a writ of Prohibition - well that cant be done here - Once on a time it could be, but not now -

I spent 3 hrs yesterday with the attys going over 1st draft of motion for new trial - They set out 68 defensible errors, including of course the Statute

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of limitation, - and the fact that the case went over two terms before it came to trial - we never asked for continuance the motions must be filed the 28th and our attys say they are tied up and no cases for a full month. so I guess the arguments will go over to March - the Judge will of course deny the motions, and then we've 30 days I understand to prepare the appeal - if this is true we'll start to the higher court in April '54

Wats start it on legal side - Jim twisting and turning with a hard row both my oil matters and Uranium matters are moving - in hopeful of getting them in final shape soon as I think I can borrow funds to fight with, even though these

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

Matters cant produce me any money
for at least 60 days -
My big problem is this weeks bond
business - or all my cake is do re mi

Best wishes
Ji.

#
Gene seems to be making headway
but I meant to be more than sure
this time -
E.

Cold as the deck and if an anthem
in the dead of winter in Norway
here today - Snow -

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

Dec. 18, 1953

Saturday Eve

Dear Sharon

I've had a long day with my atty going over my testimony - Monday morning I go on the stand and may be on 3 or 4 days. It may take a full day on direct testimony as there will be wrangling by the attorneys and sessions with the Judge in chambers -

Then when the D.A. takes over the trouble will begin. The Judge has already by ruling after ruling prevented our attorneys from presenting all kinds of testimony and then lets the D.A. go as far afield as he desires - In addition to all this the D.A. will try every kind of approach to

attack me personally - and then he will parade the Newton Oil Company and all its troubles before the jury and the Judge will give him every latitude even tho the Company is nowhere a part of this case - It will be a mess and no fooling - My problem is to present all the facts to the Jury and it will take every possible bit of clear thinking to do this - If I can get the truth in simple direct words to the Jury well and good -

As matters now stand and

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assuming Bob B. will be out of
bed and back in court by
the middle or latter part of week
he will then go on - Just how
they will manage by land to
bring him back in is a joint
position is a mystery, Nothing
thing has not at any time followed
any legal pattern anyone
knows about - It looks now
the jury will get the case around
21st or 22nd

Am sending to you the train
for our boy - There are times
at night when I lie awake
and cry unashamed at all

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

His tragedy that has hit us
this past year, somehow, someway
there's a solution - I'm so hungry
to see that boy I'm almost crazy
and the same goes for Pac - And
don't mind any idea of anything
but telling you the truth I want
to see you - And what's more
important than anything else
in my life is to save all this
burden of lack of funds and
insecurity - Surely there's a way I
can do this for you and Howard
To this end I only want the chance
once this horrible case is over -
There's some money - Its not what
I want to send but as I drag
from day to day I dry every

THE SHIRLEY-SAVOY HOTEL • DENVER, 2, COLORADO

May I can to work ways to
get money for you - Ill have
to leave this house in a few
days as Fuds mother has
decided to come now that she
knows Im here - Ill manage
some way -
Ill try to get the train the
Monday Eve -
Love to all
Yours Jim

$20.00